2011

Annual Report
Capital Pension Plan

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Performance Summary

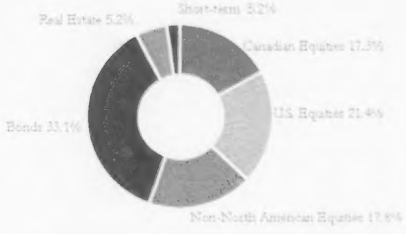
Global economic uncertainty fueled market volatility in 2011. Equity markets provided stronger returns in the fourth quarter, but not enough to offset weakness in the previous two quarters. The S&P/TSX Index (Canadian equities) felt the effects of slower global growth due to its strong commodities component. The U.S. economy strengthened but remained fragile. The S&P 500 Index (U.S. equities) was the only major equity market index that provided a positive return for 2011. European debt concerns continued and negatively impacted market returns for the MSCI EAFE Index (Non-North American equities). With the global economic uncertainty, Canadian bonds provided one of the world's better returns for 2011 due to Canada's stable economy and AAA government bond rating.

Diversified Fund

2011 Net Annual Return	Total Assets	2011 Management Expense Ratio
0.25%	$878.2 million	0.42%

Asset Mix

as at December 31st



Asset Class Performance

as at December 31st (Gross Returns)

	1-year	4-year
Canadian Equities	-12.7%	-1.7%
U.S. Equities	1.2%	-1.6%
Non-North American Equities	-6.4%	-4.9%
Bonds	9.5%	7.4%
Real Estate	13.7%	7.7%

Historic Annual Returns

as at December 31st (Net Returns)

2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
0.25%	10.48%	14.83%	-16.10%	3.09%	13.64%	9.62%	10.85%	13.73%	-3.30%

Compound Returns

as at December 31st (Net Returns)

1-year	2-years	3-years	5-years	10-years
0.25%	5.24%	8.35%	1.92%	5.27%

Growth of $10,000

as at December 31st (Net Returns)

Performance Summary

The Bank of Canada's overnight rate stayed at 1.0% throughout 2011. While some are anticipating further rate cuts in 2012, the Governor of the Bank of Canada has voiced concerns about consumer debt loads and commented that cutting rates could compound the problem by making debt more attractive. Inflation has remained relatively low, with the Consumer Price Index (CPI) ending the year at 2.3%.

Pre-Retirement Fund

2011 Net Annual Return	Total Assets	2011 Management Expense Ratio
0.86%	$78.9 million	0.42%

Asset Mix

as at December 31st

Asset Class Performance

as at December 31st (Gross Returns)

	1-year	4-year
Money Market	1.1%	1.4%

Historic Annual Returns

as at December 31st (Net Returns)

2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
0.86%	0.34%	0.47%	3.17%	4.12%	3.53%	2.39%	2.12%	2.81%	4.39%

Compound Returns

as at December 31st (Net Returns)

1-year	2-years	3-years	5-years	10-years
0.86%	0.60%	0.56%	1.78%	2.41%

Growth of $10,000

as at December 31st (Net Returns)

Performance Summary

The last six months of 2011 saw economic uncertainty due to the sovereign debt issues in Europe and slower economic growth in China. Equity markets recovered slightly before year-end, but still ended the year with negative returns for the S&P/TSX Index (Canadian equities) and the MSCI EAFE Index (Non-North American equities). As a result, the flight to safety had a positive influence on bond performance generally and long-term bond performance specifically.

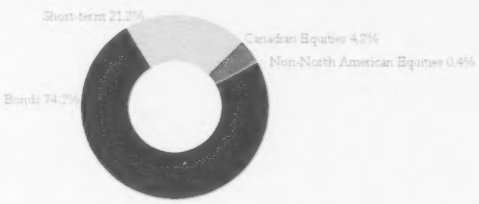
The investment objective of the Retirement Annuity Fund is to provide sufficient liquidity to ensure payment to annuitants when due and to ensure long-term solvency of the Fund. The Fund pursues a duration matching investment strategy that immunizes the portfolio from interest rate fluctuations.

Retirement Annuity Fund

2011 Funding Status	Total Assets
Fully Funded	$47.1 million

Asset Mix

as at December 31st



Asset Class Performance

as at December 31st (Gross Returns)

	1-year	4-year
Canadian Equities	-15.3%	-5.2%
Non-North American Equities	-14.5%	-8.5%
Bonds	13.4%	8.0%

Message from the Chair

As Chair of the Capital Pension Plan Board, I am pleased to present the Annual Report and audited Financial Statements for the year ended December 31, 2011.

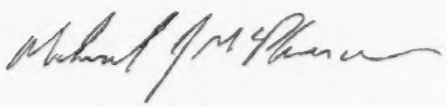
Volatility returned to equity markets in the latter half of 2011 as sovereign debt issues resurfaced in Europe. Early year market gains were eroded in the third quarter due to weaker global economic forecasts. Investor pessimism increased as U.S. policy makers struggled with mounting budget deficits. In late November, the U.S. Federal Reserve, the European Central Bank and the central banks of Canada, Britian, Japan and Switzerland agreed to work cooperatively to avoid a global liquidity crunch.

While global economic circumstances impacted investment performance, for 2011 the Capital Pension Plan's Diversified Fund provided a modestly positive annual rate of return of 0.25%, net of all investment management and administrative expenses.

Low interest rates in Canada continue to impact the performance of money-market investments. The Capital Pension Plan's Pre-Retirement Fund ended 2011 with an annual rate of return of 0.86%, net of all investment management and administrative expenses.

The Capital Pension Plan strives to meet members needs while managing Plan costs to maximize member investment growth. The Plan's cost recovery strategy resulted in a management expense ratio (MER) for 2011 of 0.42%, which continues to be low compared to similar retail investment funds.

As I begin my third term as Pension Board Chair, I wish to thank my fellow Board members for their commitment to the Capital Pension Plan over the past year. I also thank the Plan's administration staff for their dedication to the Plan as we continue our efforts to be the preferred pension plan for members, employers and retirees.



Micheal J. McPherson
Chair, Capital Pension Plan Board

Message from the Executive Director

As Executive Director of the Capital Pension & Benefits Administration, I wish to thank our Pension Board for their commitment to the members of the Capital Pension Plan.

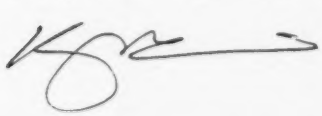
Providing our members with quality and timely service is our focus. From an administrative perspective, 2011 was a busy and rewarding year. In February, results were compiled from the comprehensive Plan member survey conducted at the end of the previous year. The survey indicated that Plan members were satisfied with the service provided as indicated by a Satisfaction Index score of 82.5%. While pleased with this score, we continue to strive and work towards reaching an ever higher Satisfaction Index score.

Comments received in our Plan member survey indicate a desire for additional investment choices. To this end, Plan administration and the Pension Board began exploring potential options.

In the spring, the popular Retirement Primer information sessions were conducted in North Battleford, Prince Albert, Saskatoon, Moose Jaw and Regina. In total 241 Plan members and spouses attended these sessions, providing a Satisfaction Index score of 89.3%.

There was little progress in the Retirement Annuity Fund court application. In late 2010, the Judge encouraged the parties involved to discuss further amongst themselves as to whether there was a way to avoid having the case proceed to the Court of Appeal. The parties held these discussions over a period of several months. However, by September of 2011 it became apparent that, given the differing interests that each group represents, an agreement was not possible and should the appellant wish to continue with the appeal the case would proceed to the Court of Appeal. At this time the court application proceeding continues.

The Capital Pension & Benefits Administration looks forward to a successful year in 2012.



Ken Klein
Executive Director, Capital Pension & Benefits Administration

Plan Overview

The Capital Pension Plan was established in 1976 as a defined contribution (money purchase) pension plan. The Plan's purpose is to provide employers with a cost and tax effective method of providing their employees with a means to systematically save for retirement.

The Capital Pension Plan can consider any employer interested in participating in the Plan. Participating employers can determine the eligibility criteria for their employees to become contributing members of the Plan pursuant to relevant legislative and regulatory requirements. The Plan currently has more than 60 participating employers, including Crown corporations, private corporations, labour unions and other organizations.

Participating employers and contributing members make required contributions, based on a percentage of earnings, subject to an annual maximum contribution limit set by the Canada Revenue Agency. All member and employer contributions made on behalf of a member are directed to an individual account in the member's name. These contributions are invested and accrue investment earnings over time.

At retirement, members use the cumulative value in their Capital Pension Plan account to provide retirement income through various retirement income options as permitted in each jurisdiction (provincial or federal). The Capital Pension Plan operates two such options, as permitted by the *Income Tax Act* (Canada). All members have the opportunity to receive guaranteed lifetime income by establishing a life annuity contract with the Capital Pension Plan's Retirement Annuity Fund. Plan members within the Saskatchewan jurisdiction also have the opportunity to receive flexible retirement income by establishing a Variable Benefit with the Capital Pension Plan.

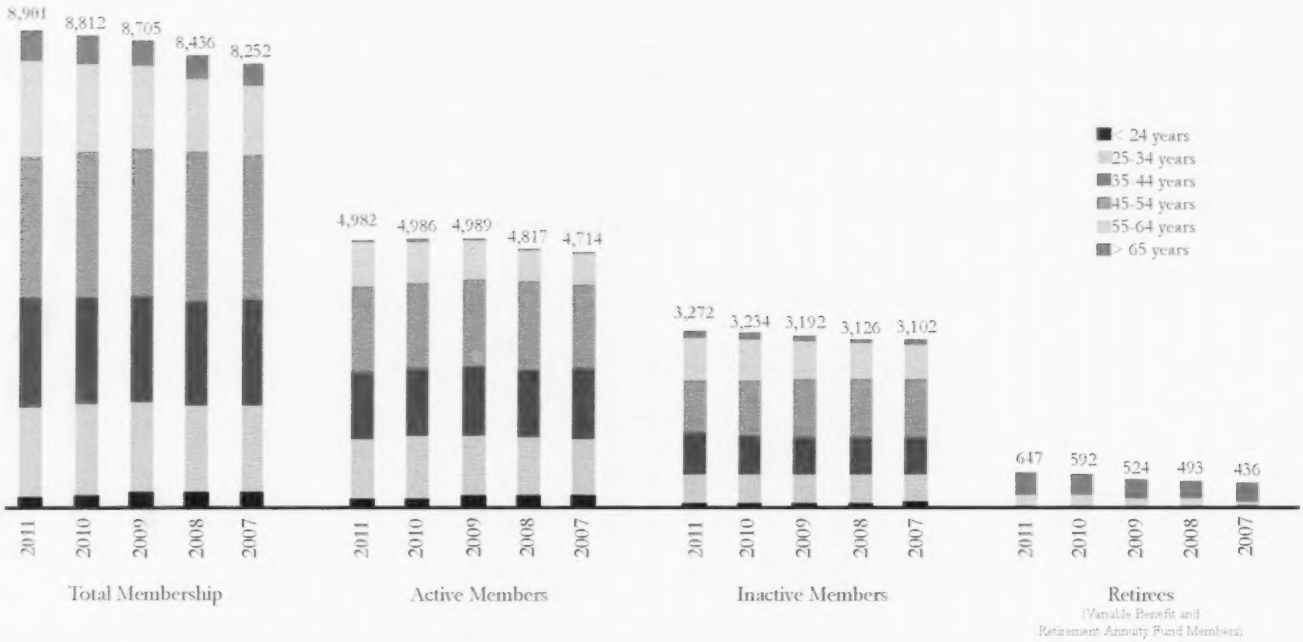
The Capital Pension Plan continues to experience modest membership growth as participating employers acquire new employees while many departing employees that are vested choose to remain with the Plan as inactive members. Many Plan members also choose to remain with the Capital Pension Plan during retirement through the Variable Benefit and Life Annuity retirement income options. The Plan has the capacity to expand membership and continues to enact policies to meet the needs of Plan members and participating employers.

Analysis of the Plan's age demographics shows contrasting trends. Total membership is growing with the addition of younger members but not in adequate numbers to offset the trend towards an aging membership. The largest group of Plan members is between ages 45 and 54 and poised to transition into retirement.

Age demographics are an important consideration when setting an investment strategy. The asset mix of the Diversified Fund (the Plan's default investment fund), contains a bias towards equity holdings and is designed to provide long-term investment growth with moderate investment risk. Members who are within five years of their earliest possible retirement date and members participating in the Variable Benefit may choose to decrease their risk exposure by participating in the Pre-Retirement Fund, which is designed to preserve capital in the short-term.

The Plan continues to monitor the Plan's demographic trends to ensure the investment strategies continue to meet member needs. As the Plan's membership continues to age, additional lower risk investment options or changes to the Plan's current investment options may be required.

Membership Demographics
(December 31)



Plan Governance

The Plan Sponsor for the Capital Pension Plan is Crown Investments Corporation of Saskatchewan (CIC). CIC is responsible to hold the Plan's funds in trust for the benefit of its members and any person entitled to benefits pursuant to the Plan. CIC is also responsible for the overall management of the pension plan in accordance with applicable laws, the terms and conditions of the Plan and its governance structure and processes.

CIC appoints the Pension Board to act on its behalf to facilitate the operation of the Plan. The Capital Pension Plan Board composition is between five (5) and ten (10) persons, nominated by the twelve (12) largest participating employers of the Plan as determined by active Plan membership. All Board members must be active (i.e. contributing) members of the Plan. Board members must possess characteristics and traits of integrity, accountability, informed judgement, financial literacy, mature confidence and commitment. Compensation for service on the Capital Pension Plan Board is restricted to reimbursement of actual costs and reasonable expenses for attending to Board business. Board meetings are held at least once per fiscal quarter, with additional meetings for approval of financial statements, the annual report and a planning retreat for the upcoming year. In camera sessions are scheduled at each meeting.

The Pension Board establishes Committees to handle Board business. Each Committee comprises three current Pension Board members. The Chair serves as an ex-officio member of each Committee. Committee meetings are conducted approximately ten (10) days prior to each quarterly Board meeting. At these meetings, Committee members review and discuss Board material so they may facilitate informed discussion and make recommendations regarding a course of action to the Pension Board. Committees have no authority to make binding decisions or incur expenses unless the Pension Board provides prior approval. The Pension Board and Committees hire industry professionals such as a custodian, investment consultant, investment managers and actuary to provide their expertise. Investment of the Plan's assets is delegated to professional investment managers under the supervision of the Pension Board.

2011 Board Membership Changes

Jeff Stepan joined the Pension Board at the beginning of 2011. In May, Carla Brown resigned her position on the Pension Board after accepting an employment opportunity with an employer that does not participate in the Capital Pension Plan. John Amundson was appointed to the Pension Board in September to fill the vacancy.

2011 Pension Board Members

Micheal J. McPherson, Chair
Saskatchewan Housing Authorities
Fellow, Certified Human Resources Professional
Certified Security Professional
Appointed: 1997

Cindy Ogilvie, Vice-Chair
Crown Investments Corporation of Saskatchewan
Bachelor of Administration
Chartered Accountant
Appointed: 2005

Edward Helm
Saskatchewan Government Insurance
Certified Management Accountant
Certified Compensation Professional
Appointed: 2006

Tim MacLeod
Saskatchewan Government Insurance
Bachelor of Arts
Bachelor of Law
Appointed Queen's Counsel
Appointed: 2007

David Olsen
ISM Canada
Bachelor of Science
Bachelor of Education
Appointed: 2004

Gordon Dolney
Yara Belle Plaine Inc.
Certified Management Accountant
Appointed: 2007

Keith Appleton
Saskatchewan Abilities Council
Bachelor of Commerce, Honours
Appointed: 2009

Blaine Pilatzke
Saskatchewan Gaming Corporation
Appointed: 2010

Jeff Stepan
Saskatchewan Government Insurance
Bachelor of Administration
Chartered Accountant
Chartered Financial Analyst
Appointed: 2011

John Amundson
Crown Investments Corporation of Saskatchewan
Bachelor of Commerce
Chartered Accountant (Saskatchewan and Manitoba)
Appointed: 2011

Carla Brown
Crown Investments Corporation of Saskatchewan
Appointed: 2007 Resigned: May 2011

2011 Pension Board Meeting Attendance

	Feb. 16	Mar. 16	Mar. 23	Jun. 22	Sep. 14	Nov. 23	Dec. 7
Micheal McPherson		•	•	•	•	•	•
Cindy Ogilvie	•	•	•		•	•	•
David Olsen	•	•		•	•	•	•
Edward Helm	•	•		•	•		•
Tim MacLeod		•	•	•	•		
Keith Appleton	•	•	•		•	•	•
Gordon Dolney	•		•		•		•
Blaine Pilatzke	•	•					
Jeff Stepan			•	•	•	•	•
John Amundson					•	•	•
Carla Brown	•		•				

• in attendance not a Board member at time of meeting

2011 Committee Meeting Attendance

Audit Committee

	Mar. 1	Mar. 15	May 26	Sep. 8	Nov. 10	Nov. 28
Cindy Ogilvie, Chair	•	•	•	•	•	•
Edward Helm		•	•			•
Gordon Dolney	•	•	•	•	•	•

Governance Committee

	Feb. 23	May 18	Sep. 9	Nov. 24
Tim MacLeod, Chair	•	•	•	
Keith Appleton	•		•	•
Blaine Pilatzke	•	•	•	•

Investment Committee

	Feb. 22	May 24	Sep. 12	Nov. 22
Jeff Stepan, Chair	•	•	•	•
David Olsen		•	•	•
John Amundson				•
Carla Brown	•			

• in attendance not a Board member at time of meeting

Plan Administration

The Plan Sponsor (Crown Investments Corporation of Saskatchewan) has appointed the Executive Director of its Capital Pension & Benefits Administration (CPBA) division as Plan Administrator. The Plan Administrator handles the overall management, administration and day to day operation of the Plan in accordance with applicable laws and the terms and conditions of the Plan. The Plan Administrator makes application for the registration of the Plan and any amendments thereto with the appropriate authorities.

The Plan Administrator has the responsibility to carry out his or her duties with honesty and in good faith in the best interest of Plan members and any other person(s) to whom a fiduciary duty is owed. The Plan Administrator ensures administrative procedures and regulations are in compliance with applicable laws and the terms and conditions of the Plan.

The Plan Administrator also provides assistance to the Pension Board and makes recommendations concerning the Plan's annual budget.

Executive

Ken Klein
Executive Director
Bachelor of Arts
Fellow, Chartered Insurance Professional
Certified Employee Benefits Specialist

Stanley Jones
Director, Pensions
Certified Management Accountant
Pension Plan Administration Certificate
Retirement Plans Associate

Administration

Christine Taylor
Director, Group Benefits

Cheryl Viala
Manager, Communications, Research & Development

Brad Hunt
Manager, Accounting and Administration

Laura Thompson
Staff Accountant

Sharon Strueby
Staff Accountant

Arlene Stinson
Executive Secretary

Tracy Mack
Pension & Benefits Coordinator

Defined Contribution Fund

Contributions from participating employers and contributing members are deposited to the Defined Contribution Fund. Within this Fund, the Plan operates two investment funds -- the Diversified Fund and the Pre-Retirement Fund. Administrative expenses are deducted on a cost recovery basis from earnings prior to the calculation of each weekly unit value. For communication and comparison purposes, a management expense ratio (MER) is calculated by dividing the total cost of administration by the year end market value.

Defined Contribution Fund Net Assets Available for Benefits (December 31)

($C thousands)	**2011**	2010	2009	2008	2007
Increase in Assets					
Employer required contributions	**17,541**	16,619	16,251	15,002	14,134
Member required contributions	**14,936**	14,165	13,891	12,712	12,011
Member voluntary contributions	**2,060**	2,269	2,182	1,798	1,645
Transfers into the Fund	**4,782**	2,721	3,819	5,707	5,571
Investment gain (loss)	**22,685**	52,922	35,912	(14,472)	95,619
Net unrealized gain (loss) in market value	**(16,701)**	38,161	72,900	(123,517)	(64,064)
	45,303	126,857	144,955	(102,770)	64,916
Decrease in Assets					
Investment management fees	**2,623**	2,487	2,031	2,487	2,682
General administration	**1,360**	1,346	1,351	1,340	1,289
Withdrawals/Transfers out	**50,397**	42,700	31,066	41,452	37,939
	54,380	46,533	34,448	45,279	41,910
Net change in assets	**(9,077)**	80,324	110,507	(148,049)	23,006
Net assets available (beginning of year)	**962,358**	882,034	771,527	919,576	896,570
Net Assets Available for Benefits	**953,281**	962,358	882,034	771,527	919,576

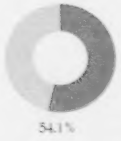
Defined Contribution Fund Administrative Expenses (December 31)

($C thousands)	**2011**	2010	2009	2008	2007
Investment management fees	**2,623**	2,487	2,031	2,487	2,682
General administration	**1,360**	1,346	1,351	1,340	1,289
Total	**3,983**	3,833	3,382	3,827	3,971
Management Expense Ratio	**0.42%**	0.40%	0.38%	0.50%	0.43%

Investment Manager Performance

as at December 31st (Gross Returns)

Greystone Managed Investments Inc.



% of Fund		1-year			4-year		
		Return	Quartile	*Benchmark**	Return	Quartile	*Benchmark**
	Canadian Equities	-15.2%	4	*-8.7%*	-5.0%	4	*-0.7%*
	U.S. Equities	1.1%	3	*4.6%*	-1.7%	3	*-0.9%*
	Non-North American Equities	-14.4%[1]	4	*-10.0%*	-8.5%[1]	4	*-7.6%*
	Bonds	9.5%	1	*9.7%*	7.6%	1	*7.0%*
	Real Estate	13.7%	n/a[2]	*10.6%*	7.7%	n/a[2]	*5.9%*
	Money Market	1.1%	n/a[2]	*1.0%*	1.4%	n/a[2]	*1.4%*

1 Effective December 1, 2011, Goldman Sachs Asset Management's portion of the Plan's Non-North American equity mandate became managed by Hansberger Global Investors after Greystone notified the Plan of its intention to discontinue the services of Goldman Sachs Asset Management.

2 The Hewitt Manager Universe (see page 26) does not include quartile performance for real estate or money-market investments.

Connor, Clark & Lunn Investment Management Ltd.

% of Fund		1-year			4-year		
		Return	Quartile	*Benchmark**	Return	Quartile	*Benchmark**
	Canadian Equities	-10.0%	3	*-8.7%*	n/a[3]	n/a[3]	*n/a*[3]

3 4-year returns could not be evaluated since the mandate began less than 4 years prior.

State Street Global Advisors

% of Fund		1-year			4-year		
		Return	Quartile	*Benchmark**	Return	Quartile	*Benchmark**
	U.S. Equities - Large Cap	1.5%	3	*1.7%*	-3.6%	4	*-3.3%*
	U.S. Equities - Mid-Cap	-0.8%	3	*-0.9%*	0.4%	1	*0.4%*
	Bonds	9.5%	1	*9.7%*	7.2%	3	*7.0%*

Tweedy Browne Company, LLC

% of Fund		1-year			4-year		
		Return	Quartile	*Benchmark**	Return	Quartile	*Benchmark**
	Non-North American Equities	1.1%	1	*-10.0%*	-1.3%	1	*-7.6%*

* See page 26 for descriptions of comparative benchmarks.

Retirement Annuity Fund

The Retirement Annuity Fund (RAF) provides lifetime retirement annuities to Plan members. When a member purchases a life annuity, an irrevocable contract is established based on the current annuity interest rate and group mortality tables. The contract provides for guaranteed lifetime income.

A management expense ratio (MER) is not calculated for the Retirement Annuity Fund. Once an annuity benefit is established, that benefit is not impacted by Fund expenses. Rather, an expense assumption of 2.5% of the net market value of assets is used in the actuarial valuation, which approximates the present value of cumulative future expenses expected to be incurred by the Retirement Annuity Fund in respect of current annuitants.

Retirement Annuity Fund Net Assets Available for Benefits (December 31)

($C thousands)	**2011**	2010	2009	2008	2007
Increase in Assets					
Transfers from Defined Contribution Fund	**837**	758	489	2,078	316
Investment income	**1,586**	1,545	1,897	1,893	2,087
Gain (Loss) on sale of investments	**136**	(37)	(46)	215	3,677
Net unrealized gains (losses)	**2,237**	1,823	(629)	(660)	(3,578)
	4,796	4,089	1,711	3,526	2,502
Decrease in Assets					
Annuity payments	**2,203**	2,191	2,228	2,278	2,265
Administrative Expenses	**155**	143	136	124	127
Increase (decrease) in provision for annuity benefits	**1,579**	1,148	2,241	(2,464)	(2,649)
Provision for payment to members of the Fund	**78**	39	49	242	283
	4,015	3,521	4,654	180	26
Change in net assets	**781**	568	(2,943)	3,346	2,476
Net assets available (beginning of year)	**12,259**	11,691	14,634	11,288	8,812
Net Assets Available for Benefits	**13,040**	12,259	11,691	14,634	11,288

Retirement Annuity Fund Administrative Expenses (December 31)

($C thousands)	**2011**	2010	2009	2008	2007
Investment management fees	**42**	41	39	39	40
General administration	**113**	102	97	85	87
Total	**155**	143	136	124	127

Actuarial Opinion provided by Aon Hewitt for the Retirement Annuity Fund as at December 31, 2011

Actuary's Opinion

Aon Hewitt was retained by Capital Pension & Benefits Administration to perform actuarial valuations of the assets and liabilities of the Retirement Annuity Fund (the "Fund") on a funding basis as at December 31, 2011. The valuation of the Fund's actuarial assets and liabilities were based on:

- Membership and asset data provided by Capital Pension & Benefits Administration as at December 31, 2011; and
- Assumptions about future events (economic and demographic) which were developed by Aon Hewitt.

While the actuarial assumptions used to estimate liabilities for the Fund are, in our opinion, reasonable, the Fund's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Fund.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We are also of the opinion that the methods employed in the valuation and assumptions used are, in aggregate, appropriate. Our opinions have been given, and our valuation has been given, and our valuation has been performed in accordance with accepted actuarial practice.

Donald L. Ireland
Fellow, Canadian Institute of Actuaries

March 14, 2012

2011 Balanced Scorecard

Performance management and reporting for the Capital Pension Plan is accomplished using the Balanced Scorecard framework. Beginning with the Plan's mission, vision and values, the following five perspectives represent the roles and performance objectives that the Plan worked to fulfill to be successful in 2011.

Mission, Vision and Values	
Mission	We are a professionally managed, service oriented defined contribution pension plan committed to helping our members and retirees build and manage their retirement savings.
Vision	To be the preferred pension plan for members, employers and retirees.
Values	The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

2011 Perspectives

Financial

Recognizes that the financial performance of the Plan has a direct impact on member's ability to build and manage their retirement savings.

Customer

Challenges the Plan to focus on service to members and employers with a commitment to integrity and professionalism and to provide open and effective communication that allows the Plan to become the preferred pension plan for members and employers.

Growth & Innovation

Challenges the Plan to grow by the amount of net assets under management, the number of Plan members and number of participating employers.

Internal Resources

Challenges the Plan to provide its staff with opportunities to develop and expand their knowledge of the pension industry. The Plan empowers staff to make decisions within established policies and promotes a professional, service oriented team for dealing with stakeholders.

Accountability

Challenges the Plan to ensure the fiduciary responsibility is upheld concerning member equity and that internal controls are in place to ensure the integrity of the Plan.

Financial Perspective				
Strategic Objective	**Performance Measure**	**Target**	**2011 Results**	**2010 Results**
Acceptable risk	Investment managers are in compliance with the investment strategies as per SIP&G	zero significant compliance issues	Met	Met
	Independent actuary verification of RAF immune to change in interest rates and long-term solvency	bond portfolio duration to actuarial liability duration ratio > 1	Met	Met
		solvency ratio > 1	Met	Met
Acceptable investment returns	Review and report on performance for Diversified Fund and Pre-Retirement Fund in relation to benchmarks	gross fund return is equal to or greater than benchmark return over rolling 4-year periods	Met	Met
		Diversified Fund real rate of return > 3% above CPI over rolling 10 years	Met	Met
	Review and report performance of Diversified Fund, Pre-Retirement Fund and Retirement Annuity Fund by individual Fund manager and by asset class in relation to benchmarks	gross return of investment manager by asset class is equal to or greater than benchmark return by asset class over rolling 4-year periods	Not Met[A]	Not Met[C]
	Analyze and recommend changes as required to Non-North American equity structure	investment managers adding value compared to other investment managers	N/A[B]	Met
Efficient use of Plan's resources	Operate within approved budget	actual expenditures equal to or less than budgeted amounts	Met	Met
	Review and make recommendations for administration expenses allocation to each fund.	review and implement changes as approved	N/A[B]	Met

Notes:

A Greystone Managed Investments's four year performance was less than the benchmark as follows:
- Canadian Equities - lower by 4.3%
- U.S. Equities - lower by 0.8%
- Non-North American Equities - lower by 0.9%

B 2010 performance initiatives not applicable for 2011.

C For 2010, Greystone Managed Investments Inc.'s Canadian equity return was 2.1% on a 4-year annualized basis while the benchmark was 4.0% for the period. Greystone's Non-North American equity mandate (subcontracted to Goldman Sachs Asset Management) return was -6.9% on a 4-year annualized basis while the benchmark was -6.5% for the period. State Street Global Advisor's U.S. equity large cap mandate return was -3.1% on a 4-year annualized basis while the benchmark was -2.8% for the period and their mid-cap mandate return was 1.9% on a 4-year annualized basis while the benchmark was 2.1% for the period.

Communication Perspective				
Strategic Objective	**Performance Measure**	**Target**	**2011 Results**	**2010 Results**
Effective communication	Provide timely and accurate information to customers	meet key performance indicators 100% of the time	Met	Met
	Review of frequency and content of the Plan's newsletter (*The Capital Report*)	complete review and implement approved changes	N/A[A]	Met
	Investigate feasibility of additional communication methods	complete investigation	N/A[A]	Met
	Roll out secure website for employers	make secure website available for employer contribution remittance reports	N/A[A]	Met
	Develop communication materials for investment choice	complete development	In Progress[B]	N/A[E]
	Develop investment choice primer session	complete development	In Progress[B]	N/A[E]
	Develop investment choice primer guide	complete development	In Progress[B]	N/A[E]
Meet customer expectations	Expand satisfaction index to other aspects of service (i.e. newsletters, website, email)	expand satisfaction index to other aspects of service	N/A[C]	Met
	Complete Plan Member Satisfaction Index results	complete and report - score greater than or equal to 75%	Met[D]	N/A[E]

Notes:

A Project completed in 2010.

B Project continued into 2012.

C 2010 performance initiatives not applicable for 2011.

D Plan Member Satisfaction Index score = 82.5%.

E New initiative for 2011.

Growth & Innovation Perspective				
Strategic Objective	**Performance Measure**	**Target**	**2011 Results**	**2010 Results**
Plan retention	Utilize retention strategy	follow strategy	Met	Met
	Increase total number of members in the Pension Plan	increase total Plan membership by 300 members	Not Met[A]	Not Met[A]
	Retention of inactive members in the Plan	increase number of inactive Plan members by 150	Not Met[B]	N/A[C]
	Increase Variable Benefit members	increase (net) number of VB members by 50	Met	N/A[C]
	Retention of members 50 years and older	increase number of members age 50 and older by 250	Not Met[D]	N/A[C]
	Retention of Member assets in the Plan	positive cash flow over 4 quarter rolling period	Not Met[E]	N/A[C]
	Retain participating employers	=> 95% retention for the year	Met	Met
Plan growth	Inform former Plan members of option of transferring into the Variable Benefit retirement option	N/A - Year 3 of 3-year cycle	Met	Met
	Develop marketing strategy	develop strategy	N/A[F]	Not Met[F]
Innovation	Implement strategic initiatives	complete plan	Met	Met

Notes:

A Although there was a net increase of 89 Plan members in 2011 and 107 members in 2010, the results were below target.

B Although there was a net increase of 38 inactive Plan members in 2011, the result was below target.

C New initiative for 2011.

D Although there was a net increase of 157 members age 50 and older in 2011, the result was below target.

E 2011 Cash flow results as follows:

Q1	$	(4,403,000)
Q2	$	(8,446,000)
Q3	$	(8,000)
Q4	$	1,904,000
Total	$	(10,953,000)

F Plan sponsor decision not to proceed at this time.

Internal Resources & Processes Perspective				
Strategic Objective	**Performance Measure**	**Target**	**2011 Results**	**2010 Results**
Professional and knowledgeable	Funds available and utilized by staff for training and professional development	up to a maximum of 2.5% of budgeted payroll	Met	Met
	Staff compliant with professional organizations	100% compliant	Met	Met
	Provide staff with tools to complete responsibilities	all tools as required	Met	Met
	Efficient, reliable & secure IT infrastructure & system software	available 99% of the time	Met	Met
Leadership	Promote a professional, ethical and equitable corporate culture	favorable rating on CIC employee survey	Met	Met
	Provide expertise and guidance to support Pension Board	plan administration performance index > 75%	Met	Met

Accountability Perspective				
Strategic Objective	**Performance Measure**	**Target**	**2011 Results**	**2010 Results**
Approval of SIP&G	Review and approval of SIP&G for the Defined Contribution Fund (DCF) and Retirement Annuity Fund (RAF)	annual review and approval of SIP&G	Met	Met
Compliance with investment mandates	Investment manager compliance reports	0% significant compliance issues	Met	Met
	Third party verification of investment managers compliance reports	0% significant compliance issues	Met	Met
Timely and effective reporting	Provide Pension Board with timely reports and information as required	plan administration performance index provide info to Board > 75%	Met	Met
	Develop risk management and assessment evaluation process	develop evaluation process	Not Met[A]	N/A[C]
Compliance with policies and legislation	Compliance with established policies and legislation requirements	no provincial audit recommendation	Met	Met
	Comprehensive review of Plan Text	complete review and change as required	Met	Not Met[B]
	Comprehensive review and update of Governance Manual	complete the review and update	Met	N/A[C]
	Implement CEO/CFO Certification	complete implementation	Met	N/A[C]
	Review and implement Plan Text changes that are required with the implementation of investment choice	complete review and implement changes	In Progress[D]	N/A[C]
Compliance with best practices	Compliance with CAP Guidelines	100% compliant	Met	Met
	Compliance with CAPSA Guidelines	100% compliant	Met	Met

Notes:

A Investigated in 2011, with development and implementation in 2012.

B Review of Plan Text completed by end of December 2010, scheduled to be approved and restated by end of Q2 2011.

C New initiative for 2011.

D Project continued into 2012.

Looking Ahead to 2012

The annual performance and resource planning process for 2012 began with a review of the performance management model. The goal of this process was to account for changes in priorities and ensure the continued relevance of the Plan's performance objectives. The Plan's mission, vision and values were reviewed and reaffirmed and key concepts were used to develop the following balanced scorecard performance perspectives for 2012:

Mission, Vision and Values	
Mission	We are a professionally managed, service oriented defined contribution pension plan committed to helping our members and retirees build and manage their retirement savings.
Vision	To be the preferred pension plan for members, employers and retirees.
Values	The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

2012 Perspectives

Financial

Recognizes that the financial performance of the Plan has a direct impact on members' ability to build and manage their retirement savings.

Customer

Challenges the Plan to focus on service to members, participating employers and retirees with a commitment to integrity and professionalism and to provide open and effective communication.

Retention

Challenges the Plan to retain participating employers, Plan members and their assets held in the Plan. This is accomplished by providing a service oriented team that is knowledgeable in the pension industry.

Internal Operations

Challenges the Plan to ensure its fiduciary responsibility is upheld and that compliance measures are in place to ensure the integrity of the Pension Plan. This perspective also challenges the Plan administrator to provide strategic direction for the pension plan and ensure the Plan is transparent in its operations.

Plan administration staff are encouraged to develop pension industry knowledge and are empowered to make decisions within established policy guidelines to promote a professional service oriented team approach when dealing with all stakeholders.

2012 Priorities

Financial

- complete annual review of Statement of Investment Policies and Goals, including consideration of management structure and asset mix changes;
- ensure each investment manager understands their performance goals, complete regular evaluations on investment manager performance;
- maintain solvency ratio of ≥ 1 as reported in the actuarial valuation report for Retirement Annuity Fund;
- operate within annual budget.

Customer

- meet key performance indicators;
- investigate providing quarterly Plan Member statements through member online accounts.

Retention

- continue to promote benefits of Plan membership;
- inform former Plan members that are age 50 or over about the option of transferring back to the Capital Pension Plan at retirement;
- fully implement the approved retention strategy.

Internal Operations

- promote staff training and professional development;
- ensure staff have the tools and resources to be successful in their position;
- implement the use of electronic Pension Board packages;
- provide Pension Board with timely and accurate reports and information as required;
- remain in compliance with all applicable policies and legislation that govern the pension plan;
- fully implement CEO/CFO Certification process;
- develop the Enterprise Risk Management framework and implement plan;

2012 Balanced Scorecard

Financial Perspective

Strategic Objective	Performance Measure	2012 Target
Acceptable risk	Investment managers in compliance with the investment strategies as per SIP&G	No significant compliance issues reported
	Independent actuary verification - RAF immune to changes in interest rates and solvent over the long-term	Bond portfolio duration ratio to actuarial liability duration >1
		Solvency ratio > 1
Acceptable investment returns	Diversified Fund and Pre-Retirement Fund performance in relation to established benchmarks	Gross fund return is ≥ benchmark return over 4-year rolling periods
	Investment performance by individual investment manager and asset class in relation to established benchmarks	Gross investment manager and asset class return ≥ benchmark return over rolling 4-year periods
	Diversified Fund real rate of return ≥ 3% above Consumer Price Index (CPI) over 10-year rolling periods	10-year CPI + 3%
Efficient use of Plan's resources	Operate within approved budget	actual expenditures ≤ budgeted amounts

Customer Perspective

Strategic Objective	Performance Measure	2012 Target
Effective communication	Provide timely and accurate information to members	Meet key performance indicators 100% of the time
	Complete Plan Member Retirement Primer feedback Satisfaction Index	Overall score ≥ 75%
	Complete Plan Member Satisfaction Index	Non-reporting year (3-year cycle)

Retention Perspective

Strategic Objective	Performance Measure	2012 Target
Member Retention	Retention of Plan members in the Plan	New transfers of dollars to VB ≥ 45% of total dollar transfers to VB+LIRA+PRRIF
		Inactives plus retirees number is maintained year over year
	Notify former Plan members of option to return to VB at retirement	Complete notification

Internal Operations Perspective

Strategic Objective	Performance Measure	2012 Target
Adhere to reporting and disclosure best practices	Compliance with established policies and legislation	No Provincial Audit recommendation
	Meet financial reporting requirements	100% compliance
Promote employee and organization success	Budgeted funds available for staff training and professional development	Up to maximum 2.5% of budgeted payroll
	Efficient, reliable and secure IT infrastructure and system software	Available 99% of the time
Leadership	Provide expertise and guidance to the Pension Board	Plan Administration Performance Index score ≥ 80%

Service Providers

Investment Managers

Connor, Clark & Lunn Investment Management Ltd. (CC&L)
Vancouver, British Columbia

CC&L is a quantitative value style manager, responsible for a portion of the Diversified Fund's Canadian equity investment mandate.

Greystone Managed Investments Inc. (Greystone)
Regina, Saskatchewan

Greystone is a growth at reasonable prices (i.e. GARP) manager. Within the Diversified Fund, Greystone is responsible for a diversified portfolio of Canadian and foreign equities, Canadian bonds, real estate and short-term investments. Greystone contracts Hansberger Global Investors and (until December 2011) Goldman Sachs Asset Management to manage the Non-North American equities portion of its investment mandate. Greystone manages the entire portfolio for the Pre-Retirement Fund and the Retirement Annuity Fund.

State Street Global Advisors (SSgA)
Toronto, Ontario

SSgA is an index (i.e. passive) manager, responsible for a portion of the Diversified Fund's U.S. equity and Canadian bond investment mandates.

Tweedy Browne Company, LLC (Tweedy)
New York, New York

Tweedy is a value style manager, responsible for a portion of the Diversified Fund's Non-North American equity investment mandate.

Fund Management

Aon Hewitt
Regina, Saskatchewan

Aon Hewitt (Regina office) is the Plan's investment consultant.

RBC Dexia
Calgary, Alberta

RBC Dexia is the Plan's custodian.

Compliance

KPMG, LLP
Regina, Saskatchewan

KPMG is the Plan's external auditor.

Aon Hewitt
Saskatoon, Saskatchewan

Aon Hewitt (Saskatoon office) is the actuary for the Retirement Annuity Fund.

Comparative Benchmarks

Asset Class Manager(s)	Benchmark
Canadian Equities Greystone CC&L	**S&P/TSX Index** The S&P/TSX Index comprises over two-thirds of the market capitalization for Canadian-based Toronto Stock Exchange listed companies. The index is calculated on a float market capitalization and is the broadest Canadian equity index available and serves as the premier benchmark for Canadian pension funds and mutual market funds.
U.S. Equities Greystone SSgA	**S&P 500 Index** The Standard and Poors 500 Index measures the total return attributable to the 500 largest capitalized companies on the U.S. stock exchanges.
	S&P 500 Index (hedged) A synthetic hedging model constructed by Northwater Capital Management Corporation. Through the use of derivative products the return of the index is hedged to Canadian dollars eliminating currency risk.
	S&P 400 Index (hedged) The S&P 400 Index consists of 400 medium-sized companies chosen for market size, liquidity and industry group representation. The index is hedged back into Canadian dollars to mitigate currency risk. It is a market value weighted index and was the first benchmark for mid cap stock price movement.
Non-North American Equities Greystone Tweedy	**MSCI EAFE Index** The Morgan Stanley Capital International Europe, Australasia and Far East Index is a widely recognized benchmark for non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country.
Bonds Greystone SSgA	**DEX Universe Bond Index** The DEX Universe Bond Index covers all marketable Canadian bonds with a term to maturity of more than one year. The Universe contains approximately 1,000 marketable Canadian bonds with an average term of 9.3 years and an average duration of 6.2 years. The purpose of the Index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Index.
Real Estate Greystone	**IPD Index** The ICREIM/IPD Canadian Property Index is published by the Investment Property Databank Ltd., under contract with the Canadian Institute of Real Estate Investment Managers. The IPD Index measures total returns on a diversified pool of properties. IPD compiles property level information from pension funds, life insurance companies and real estate managers on a quarterly basis. The index contains over 2,200 properties and is estimated to represent approximately 50% of institutional holdings and publicly listed vehicles.
Short-term/cash Greystone	**91-day T-bills** Canadian treasury bills represent the highest quality short-term investment available. The index is constructed by selling and repurchasing Government of Canada T-bills with an average term to maturity of 91-days.

Total Fund All Managers	**Consumer Price Index (CPI)** CPI measures the relative prices at various times of a select group of goods and services which typify those purchased by urban families and is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 2002 base.
	Hewitt Manager Universe (Quartile Ranking) The Hewitt Manager Universe is a database of active manager returns, using both composite and pooled fund returns. It is used to determine the quartile ranking for applicable asset classes and investment managers.

Financial Statements

Responsibility for Financial Statements

The accompanying financial statements have been prepared by management of the Capital Pension & Benefits Administration. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the financial statements and other information contained in this Annual Report.

The Capital Pension Plan Board is responsible for overseeing the business affairs of the Plan and also has the responsibility for approving the financial statements. The Pension Board is responsible for reviewing the annual financial statements and meeting with management, the Plan's external auditors KPMG LLP, and the Provincial Auditor for Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears on the following page. The Provincial Auditor for Saskatchewan has reported to the Legislative Assembly that financial controls are adequately functioning.

KPMG LLP has audited the financial statements. Their report to the Members of the Legislative Assembly stating the scope of their examination and opinion on the financial statements, appears on page 29.

Ken Klein
Executive Director
Capital Pension & Benefits Administration

Stanley Jones
Director, Pensions
Capital Pension & Benefits Administration

March 14, 2012

Annual Statement of Management Responsibility

I, Ken Klein, Executive Director of the Capital Pension & Benefits Administration, and I, Stanley Jones, Director, Pensions of the Capital Pension & Benefits Administration, certify the following:

That we have reviewed the financial statements included in the Annual Report of the Capital Pension Plan. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2011.

That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Capital Pension Plan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That the Capital Pension & Benefits Administration is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Capital Pension & Benefits Administration has designed internal controls over financial reporting that are appropriate to the circumstances of the Capital Pension Plan.

That Capital Pension & Benefits Administration conducted its assessment of the effectiveness of the Plan's internal controls over financial reporting and, based on the results of this assessment, Capital Pension & Benefits Administration can provide reasonable assurance that internal controls over financial reporting as of December 31, 2011 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of Management:

Ken Klein
Executive Director
Capital Pension & Benefits Administration

Stanley Jones
Director, Pensions
Capital Pension & Benefits Administration

March 14, 2012

Independent Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the accompanying financial statements of Capital Pension Plan, which comprise the statements of financial position as at December 31, 2011 and December 31, 2010 the statements of changes in net assets available for benefits for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Pension Plan as at December 31, 2011 and December 31, and the changes in its net assets available for benefits for the years then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP
Chartered Accountants

Regina, Canada
March 21, 2012

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Financial Statements of

CAPITAL PENSION PLAN

Year ended December 31, 2011

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CAPITAL PENSION PLAN

STATEMENT OF FINANCIAL POSITION

	December 31, 2011			December 31, 2010			January 1, 2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)			(thousands of dollars)			(thousands of dollars)		
Assets									
Investments (Note 4)	$ 871,172	$ 38,726	$ 909,898	$ 884,143	$ 41,127	$ 925,270	$ 833,253	$ 38,070	$ 871,323
Investments under securities lending program (Note 4)	79,984	8,024	88,008	77,217	3,273	80,490	46,209	4,551	50,760
Cash	1,165	31	1,196	1,015	31	1,046	1,394	28	1,422
Contributions receivable	209	-	209	331	-	331	369	-	369
Interest and dividends receivable	4,558	336	4,894	1,699	259	1,958	1,496	303	1,799
Capital assets (Note 8)	26	-	26	50	-	50	207	-	207
Total assets	957,114	47,117	1,004,231	964,455	44,690	1,009,145	882,928	42,952	925,880
Liabilities									
Accounts payable (Note 11)	3,633	7,164	10,797	1,857	7,097	8,954	672	7,075	7,747
Prepaid participants' contributions	200	-	200	240	-	240	222	-	222
Provision for annuity benefits (Note 10)	-	26,913	26,913	-	25,334	25,334	-	24,186	24,186
Total liabilities	3,833	34,077	37,910	2,097	32,431	34,528	894	31,261	32,155
Net assets available for benefits	$ 953,281	$ 13,040	$ 966,321	$ 962,358	$ 12,259	$ 974,617	$ 882,034	$ 11,691	$ 893,725

(see accompanying notes)

On behalf of the Pension Plan Board of Directors:

Director

Director

CAPITAL PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Increase in Assets						
Investment income (Note 5)	$ 22,685	$ 1,722	$ 24,407	$ 52,922	$ 1,508	$ 54,430
Net unrealized change in fair value of investments	(16,701)	2,237	(14,464)	38,161	1,823	39,984
Contributions and transfers in (Note 6)	38,482	837	39,319	35,016	758	35,774
	44,466	4,796	49,262	126,099	4,089	130,188
Decrease in Assets						
Withdrawals and transfers out (Note 7)	49,560	2,281	51,841	41,942	2,230	44,172
Increase in provision for annuity benefits (Note 10)	-	1,579	1,579	-	1,148	1,148
Operating expenses	3,983	155	4,138	3,833	143	3,976
	53,543	4,015	57,558	45,775	3,521	49,296
Increase (decrease) in net assets available for benefits	(9,077)	781	(8,296)	80,324	568	80,892
Net assets available for benefits, beginning of year	962,358	12,259	974,617	882,034	11,691	893,725
Net assets available for benefits, end of year	$ 953,281	$ 13,040	$ 966,321	$ 962,358	$ 12,259	$ 974,617

(see accompanying notes)

CAPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

1. Description of Plan

The following description of Capital Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Text.

a) The Plan was established pursuant to **The Crown Corporations Act, 1978** and is continued under **The Crown Corporations Act, 1993**. It is a Registered Pension Plan legislated under **The Pension Benefits Act, 1992** and is not subject to income taxes under the **Income Tax Act.** The Plan is available to corporations both in the public and private sector (participants) upon approval of the Plan's Board of Directors.

b) The Plan is comprised of a Defined Contribution Fund (DCF) and a Retirement Annuity Fund (RAF). The DCF and RAF assets are invested separately and managed by professional investment managers whose investment objectives and performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals.

i) Defined Contribution Fund (DCF)

The DCF receives and holds, in trust, member and participant contributions as well as the related investment income derived from these contributions. There are two investment options available to DCF members, the Diversified Fund (DF) and the Pre-Retirement Fund (PRF). The total amount available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

A Variable Benefit (VB) pension option is available to eligible current and former DCF members as a retirement income alternative. This option allows for payments to be paid to members through either lump-sum withdrawals or periodic payments subject to minimum withdrawals set by the **Income Tax Act**. VB members' equity remains invested in the DCF.

ii) Retirement Annuity Fund (RAF)

The RAF was established to provide Plan members with the option of purchasing a life annuity upon retirement. If the member elects to purchase a life annuity from the RAF, the individual's account balance is transferred from the DCF to the RAF and a pension annuity contract is established based on current interest rates and group annuity mortality tables.

c) Crown Investments Corporation of Saskatchewan (the Corporation) is the sponsor for the Pension Plan, and as such, is ultimately responsible for any shortfalls that may occur in RAF. The DCF has no responsibility to fund any shortfalls that may arise in the RAF.

2. Basis of Preparation

Statement of compliance

The financial statements for the year ended December 31, 2011 have been prepared in accordance with Canadian Institute of Chartered Accountants (CICA) Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRSs) guidance has been implemented. These are the Plan's first financial statements prepared in accordance with Handbook section 4600 and with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

The Plan's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). While Canadian GAAP differs in some areas from Section 4600 and IFRS, there were no differences that affected the financial statements of the Plan.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which have been measured at fair value.

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise noted.

3. Significant Accounting Policies

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

Effective January 1, 2011, the Plan adopted section 4600 of the CICA Handbook which replaces section 4100. This section provides guidance on the measurement of the Plan's pension obligation and any investments held by the Plan. This section also provides the Plan with the ability to select to follow International Financial Reporting Standards (IFRS) or Accounting Standards for Private Enterprises for all other accounting policies. The Plan has chosen to adopt the relevant sections in IFRS as allowed or required by CICA 4600. The new recommendations have been implemented retroactively and have no material impact on the financial statements.

The financial statements are prepared in accordance with Canadian accounting standards for pension plans. The following policies are considered to be significant:

a) Net assets available for benefits

i) Defined Contribution Fund

This amount represents the difference between the DCF's assets and liabilities and is for the exclusive use of the DCF members for providing retirement income.

ii) Retirement Annuity Fund

This amount represents the difference between the RAF's assets and liabilities and is available to meet the payment obligations of current and future annuitants.

b) Valuation of assets and liabilities

Plan assets and liabilities are valued and recorded as follows:

i) Investments

All investments are carried at fair value (Note 4). Bonds, debentures and equities that are listed upon a recognized public exchange are recorded at their closing bid price on the valuation date. Those investments not traded on the valuation date are recorded at a price between the latest closing ask and bid prices. Those investments not listed upon any exchange are recorded in the same manner as above based upon available public quotations in common use or at a price estimated to be the fair value thereof.

Pooled funds are recorded at fair value based on the quoted market values of the underlying investments. Short-term investments are recorded at cost which approximates fair value due to the short term to maturity. Segregated real estate investments are recorded at fair value using an independent appraisal system that considers such factors as replacement cost and earnings results.

ii) Cash, receivables and payables

Cash, contributions receivable, interest and dividends receivable, accounts payable and prepaid participants contributions are recorded at cost which approximates fair value due to their immediate or short term maturity.

iii) Provision for annuity benefits

The provision for annuity benefits is carried at the actuarial present value of the future expected annuity benefit obligation to pensioners.

3. Significant Accounting Policies (continued)

iv) Capital assets

Capital assets are recorded at cost less accumulated amortization (note 8). Amortization is recorded on a straight line basis over their estimated useful lives as follows:

Computer equipment & software	3-5 years
Office furniture	5 years
Leasehold improvements	5 years

c) Investment Income and transaction costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, real estate operating income, and net gains or losses from sales of securities or real estate.

Investment transactions are recorded on their respective trade date. Investment transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits in the period incurred.

d) Foreign currency translation

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the year end date. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

e) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments and provision for annuity benefits. Actual results could differ from these estimates.

f) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Plan.

4. Investments

a) Defined Contribution Fund investments consist of the following:

	2011	2010
	(thousands of dollars)	
Bonds and debentures	$ 144,537	$ 129,761
Short-term investments	24,181	33,794
Equities	208,121	227,586
Real estate	1	1
	376,840	391,142
Pooled funds		
Greystone Money Market Fund	76,980	34,163
SSgA Canadian Fixed Income Index Fund	127,457	112,571
Greystone Canadian Real Estate Fund	45,603	42,149
SSgA S&P Midcap Index Securities Lending Common Trust Fund	28,141	30,720
SSgA S&P 500 Index Fund Hedged	73,868	72,784
Greystone EAFE Growth Fund	69,325	86,581
CC&L Canadian Q Value Fund	72,958	114,033
	494,332	493,001
	$ 871,172	$ 884,143
Bonds and debentures under securities lending program	$ 17,545	$ 37,855
Short-term investments under securities lending program	20,813	-
Equities under securities lending program	41,626	39,362
	$ 79,984	$ 77,217

b) Retirement Annuity Fund investments consist of the following:

	2011	2010
	(thousands of dollars)	
Bonds and debentures	$ 28,434	$ 29,091
Short-term investments	826	2,267
	29,260	31,358
Pooled funds		
Greystone Canadian Equity Fund	1,960	2,313
Greystone EAFE Growth Fund	166	193
Greystone Money Market Fund	7,340	7,263
	9,466	9,769
	38,726	41,127
Bonds and debentures under securities lending program	$ 6,288	$ -
Short-term investments under securities lending program	1,736	3,273
	$ 8,024	$ 3,273

c) Bonds and debentures

For the DCF, fixed income bonds have effective rates ranging between 0.95% and 5.54% and coupon rates between 0.00% and 11.00% (2010 - effective rates of 0.09% to 6.18%, coupon rates of 0.00% to 11.00%). For the RAF, fixed income bonds and debentures have effective rates of 0.92% to 6.64% and coupon rates of 0.00% to 10.25% (2010 - effective rates of 1.24% to 4.73%, coupon rates of 0.00% to 10.25%).

4. Investments (continued)

The carrying value amount is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without penalties.

Bonds and debentures term to maturity – carrying value:

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Government of Canada						
Due < 1 year	$ -	$ 680	$ 680	$ 11,680	$ 1,055	$ 12,735
1-5 years	41,759	1,133	42,892	30,182	1,764	31,946
After 5 years	12,678	7,851	20,529	21,693	7,063	28,756
Province of Saskatchewan						
1-5 years	-	278	278	-	253	253
After 5 years	3,518	1,979	5,497	4,773	1,867	6,640
Other provincial						
Due < 1 year	-	245	245	-	-	-
1-5 years	4,772	3,921	8,693	676	4,206	4,882
After 5 years	34,601	18,635	53,236	32,372	16,156	48,528
Municipal						
After 5 years	4,921	-	4,921	6,270	-	6,270
Foreign						
Due < 1 year	-	-	-	164	-	164
1-5 years	1,678	-	1,678	1,384	-	1,384
Corporate and convertible						
Due < 1year	999	-	999	2,783	-	2,783
1-5 years	22,218	-	22,218	15,576	-	15,576
After 5 years	34,938	-	34,938	40,063	-	40,063
	$ 162,082	$ 34,722	$ 196,804	$ 167,616	$ 32,364	$ 199,980

d) Pooled funds

Pooled fund investments are governed by the specific policies instituted by the investment manager for each fund. The Pension Board has reviewed the guidelines for these investments and determined that they are acceptable.

The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

i) Greystone Money Market Fund

The Greystone Money Market Fund holds investments in treasury bills, notes and commercial paper.

ii) SSgA Canadian Fixed Income Index Fund

The SSgA Canadian Fixed Income Index Fund holds investments in Canadian issued fixed income securities such as bonds, debentures, notes or other debt investments included in the calculation of the DEX Universe Bond Index.

4. Investments (continued)

iii) Greystone Canadian Real Estate Fund

The Greystone Canadian Real Estate Fund holds equity interests in, and mortgages of, Canadian real estate. Fund assets may also be invested in securities or bonds issued by tax exempt real estate corporations, pension corporations and other borrowers permitted under insurance or pension legislation where the asset underlying the security or bond is a mortgage or real estate equity.

iv) SSgA S&P Midcap Index Securities Lending Common Trust Fund

The SSgA S&P Midcap Index Securities Lending Common Trust Fund holds investments in U.S. common stocks which are contained in the Standard & Poor's Midcap Index. In order to protect the Fund against foreign currency risk, the Fund enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars. At December 31, 2011, the fair value of these contracts is $0.41 million (2010 - $0.95 million) and included in the fund balance. At December 31, 2011, these contracts had notional amounts totaling $28.17 million all expiring in 2012 (2010-$30.33 million all expiring in 2011).

v) SSgA S&P 500 Index Fund Hedged

The SSgA S&P 500 Index Fund Hedged holds investments in U.S. common stock which are contained in the Standard & Poor's 500 Index. In order to protect the Fund against foreign currency risk, The Plan enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars.

vi) Greystone EAFE Growth Fund

The Greystone EAFE Growth Fund holds investments in international securities defined as issues traded on exchanges and over-the-counter markets in the countries that comprise the MSCI EAFE Index and the MSCI Emerging Market Index.

vii) CC&L Canadian Q Value Fund

The CC&L Canadian Q Value Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges, rights, warrants, cash and cash equivalents, and derivatives (non-leveraging). The Fund's investment in a single stock may not exceed 15% of the equity portfolio and will not hold less than 50 securities at any time.

viii) Greystone Canadian Equity Fund

The Greystone Canadian Equity Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges.

e) Short-term investments

These investments are comprised of treasury bills, notes and commercial paper with effective interest rates of 0.85% to 1.32% (2010 – 0.92% to 1.20%). Interest is receivable at maturity.

f) Equities

The DCFs' investment policy allows investments in equities and income trusts traded on recognized exchanges, convertible debentures, rights, warrants, installment receipts, exchange traded index participation units and limited partnerships and private placement equity. No one holding can represent more than 10% of the fair value of the portfolio and no one holding to represent more than 10% of the common stock in any corporation.

g) Real estate

Investments in real estate consist of Canadian commercial property. The risk associated with real estate is minimized through diversification across property type, geographical distribution and investment size.

4. Investments (continued)

h) Determination of fair value

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under this structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following tables classify the Plan's required financial instruments for both the DCF and RAF within a fair value hierarchy:

	2011			
	Level 1	Level 2	Level 3	Total
	(thousands of dollars)			
Short term investments	$ 47,556	$ -	$ -	$ 47,556
Bonds and debentures	196,804	-	-	196,804
Pooled fixed income and money market funds	211,777	-	-	211,777
Pooled equity funds	246,418	-	-	246,418
Pooled real estate funds	-	45,603	-	45,603
Equities	249,747	-	-	249,747
Real estate	-	1	-	1
	$ 952,302	$ 45,604	$ -	$ 997,906

	2010			
	Level 1	Level 2	Level 3	Total
	(thousands of dollars)			
Short term investments	$ 36,061	$ -	$ -	$ 36,061
Bonds and debentures	199,980	-	-	199,980
Pooled fixed income and money market funds	153,997	-	-	153,997
Pooled equity funds	306,624	-	-	306,624
Pooled real estate funds	-	42,149	-	42,149
Equities	266,948	-	-	266,948
Real estate	-	1	-	1
	$ 963,610	$ 42,150	$ -	$ 1,005,760

i) Financial risk management

The investment objectives of the Plan are to maximize retirement wealth; ensure sufficient assets exist to meet future pension obligations; and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's obligations, the Plan takes a long-term investment perspective. In order to achieve these goals, the Plan invests in a variety of investments. These investments have varying levels of risk and are also subject to different types of risk.

The associated risks include credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk. Changes in these risks can affect the value of investments. These risks are managed by employing an investment policy, which is approved annually by the Pension Board. This policy provides portfolio asset mix guidelines to the Plan's investment managers regarding quality and quantity of fixed income investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in different domestic and foreign markets.

The DCF primarily utilizes an active management investment strategy which has a greater proportion of its investments in equities as opposed to fixed income assets. The RAF, alternatively, has a low risk tolerance and invests primarily in high quality fixed income investments with a lesser portion invested in equities.

4. Investments (continued)

i) Credit risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the fixed income pooled funds. The Plan is also exposed to counterparty credit risk on forward currency contracts described in note 4(d)(iv). The Plan limits credit risk by setting investment restrictions and quality standards within its Statement of Investment Policies and Goals.

The minimum quality standard for government bonds and debentures is "BBB" or equivalent as rated by a recognized bond rating agency, at the time of purchase. Corporate bonds for RAF must meet a minimum quality standard of "A", at the time of purchase. The Plan's investment policy limits each investment Manager's bond portfolio concentration in any one single issuer (and its related companies) to 10% (except for federal and provincial) of their total portfolio. No more than 20% of the market value of a Manager's bond portfolio shall be invested in bonds of foreign issuers. "BBB" holdings cannot exceed 15% of the market value of the bond portfolio.

The following table lists the segregated bond and debenture holdings for both the DCF and RAF by credit rating and identifies their corresponding portfolio weighting.

Credit Rating	2011	%	2010	%
	(thousands of dollars)			
AAA	$ 75,277	38.25	$ 81,850	40.93
AA	69,487	35.31	70,439	35.22
A	40,591	20.62	38,243	19.12
BBB	11,449	5.82	9,448	4.73
	$ 196,804	100.00	$ 199,980	100.00

The minimum quality standard for individual short-term investments is "R-1" or equivalent rating as rated by a recognized bond rating agency, at the time of purchase.

The value of the fixed income pooled funds is impacted by the credit risk of the underlying investments which is governed by the pooled fund's guidelines.

At December 31, 2011, the Plan's maximum credit risk exposure relates to bonds and debentures, short term investments, and the fixed income and money market pooled funds totaling $456.14 million (2010 - $390.04 million).

ii) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets available for benefits and changes in net assets available for benefits. At December 31, 2011, the Plan holds 46% (2010 – 39%) in fixed income investments which includes short term investments, bonds and debentures and pooled funds.

The Plan manages interest rate risk by investing in a well diversified portfolio of interest-sensitive asset classes and investments subject to other risks within the asset mix guidelines provided in the Statement of Investment Policies and Goals. The DCF predominantly uses active management which provides the opportunity to mitigate or take advantage of changes in interest rates. The RAF is managed by investing in fixed income investments that provide cash flows that match payments to annuitants.

Duration is a measure used to estimate the extent market values of fixed income investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase (decrease) in interest rates would decrease (increase) net assets available for benefits by approximately $19 million at December 31, 2011; representing 4.41% (December 31, 2010 – 4.89%) of the fair value of fixed income investments.

4. Investments (continued)

b) Foreign exchange risk

The Plan is exposed to currency risk through the holding of foreign equities, foreign equity pooled funds and foreign bonds and debentures where investment values may fluctuate due to changes in foreign exchange rates. This risk is managed by limiting the amount of investments denoted in foreign currencies and by investing in securities that are strategically distributed over several geographic areas. As well, a portion of the foreign equities investments are hedged against foreign currency fluctuations.

At December 31, 2011, the Plan's foreign currency exposure was $96.82 million (2010 - $94.45 million) in U.S. equities and bonds and debentures and $146.19 million (2010 - $162.81 million) in equities originating from Europe, Australia, and the Far East (EAFE). If the Canadian dollar appreciated (depreciated) 10% versus the U.S. dollar exchange rate, it would result in approximately a $10 million decrease (increase) in net assets available for benefits. A 10% weakening (strengthening) in the Canadian dollar versus the EAFE currencies would result in approximately a $15 million increase (decrease) in net assets available for benefits.

c) Equity price risk

Equities comprise approximately 50% (2010 – 57%) of the Plan's total investments. The individual stock holdings are diversified by geography, industry type and corporate entity. The diversification strategy means the Plan is susceptible to equity price changes in the Canadian, U.S. and EAFE markets.

The key indices that represent these markets are used to measure plan performance. The performance of the Plan's assets invested in these markets will be similar to the performance of the corresponding index.

The following table indicates the approximate change that would be expected to the net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2011:

	10% increase	10% decrease
	(thousands of dollars)	
S&P/TSX Composite Index	$ 15,282	$ (15,282)
S&P 500 Index	16,901	(16,901)
S&P 400 Index	2,814	(2,814)
MSCI EAFE Index	14,619	(14,619)

No one investee or related group of investees represents greater than 10% of the market value of the Plan's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

iii) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its contractual financial liabilities as they fall due. The Plan's contractual financial liabilities fall under three categories: accounts payable, prepaid participants contributions and the provision for annuity benefits.

The Plan's cash resources are managed daily based on anticipated cash flows. The cash requirement for the accounts payable and prepaid participant contributions obligations is managed through money market investments, short term investments and contributions to the Plan. The Provision for Annuity Benefits cash requirement is managed through short term investments, bond and debenture interest and investment maturities.

4. Investments (continued)

The following table summarizes the estimated contractual maturities of the Plan's financial liabilities at December 31:

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Accounts payable						
Due < 1 year	$ 3,633	$ 36	$ 3,669	$ 1,857	$ 38	$ 1,895
1-5 years	-	7,128	7,128	-	7,059	7,059
Prepaid participant contributions						
Due < 1 year	200	-	200	240	-	240
Provision for annuity benefits						
Due < 1 year	-	2,186	2,186	-	2,173	2,173
1-5 years	-	8,350	8,350	-	8,318	8,318
After 5 years	-	16,377	16,377	-	14,843	14,843
	$ 3,833	$ 34,077	$ 37,910	$ 2,097	$ 32,431	$ 34,528

j) Securities Lending

The Plan's Statement of Investment Policies and Goals allows for the lending of its segregated securities to counterparties in exchange for pledged collateral for the purpose of generating revenue. The Statement also allows this practice to be done from within certain pooled fund investments it holds. For securities held in Canada, the current practice is to obtain collateral of at least 105% of the market value of the securities lent. For U.S. held securities, the practice is to obtain collateral of at least 102% of the market value. Acceptable collateral pledged for securities on loan includes cash, readily marketable government bonds, treasury bills, letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The Plan does not disclose securities lending information for its pooled fund investments with securities lending programs. In these investments, the fund itself holds title to the individual securities on loan and is subsequently responsible for securing appropriate collateral. The Plan, as a fund unit holder, shares the revenues, gains or losses that result from securities lending with all other unit holders.

The following table outlines the market value of the segregated securities on loan and corresponding pledged collateral:

	2011			2010		
	Loaned Amount	Collateral Pledged	%	Loaned Amount	Collateral Pledged	%
	(thousands of dollars)					
Canadian held securities	$ 88,008	$ 92,409	105.00	$ 80,490	$ 84,520	105.00

5. Investment Income

Investment income is comprised of the following:

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Bond and debenture interest	$ 13,738	$ 1,438	$ 15,176	$ 14,109	$ 1,445	$ 15,554
Short-term interest	648	103	751	402	52	454
Dividends	10,923	45	10,968	9,439	48	9,487
Income from real estate	4	-	4	2,065	-	2,065
Net gain (loss) on sale of bonds and debentures	(19,843)	223	(19,620)	3,422	(37)	3,385
Net gain (loss) on sale of equities	16,889	(87)	16,802	20,157	-	20,157
Net gain on sale of real estate	320	-	320	3,328	-	3,328
Net gain on other	6	-	6	-	-	-
	$ 22,685	$ 1,722	$ 24,407	$ 52,922	$ 1,508	$ 54,430

6. Contributions and Transfers In

Contributions and transfers in are comprised of the following:

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 17,541	$ -	$ 17,541	$ 16,619	$ -	$ 16,619
Members' contributions	14,936	-	14,936	14,165	-	14,165
Voluntary contributions	2,060	-	2,060	2,269	-	2,269
Transfers into the fund	4,782	-	4,782	2,721	-	2,721
Interfund transfers	(837)	837	-	(758)	758	-
	$ 38,482	$ 837	$ 39,319	$ 35,016	$ 758	$ 35,774

7. Withdrawals and Transfers Out

Withdrawals and transfers out are comprised of the following:

	2011			2010		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Withdrawals	$ 38,473	$ -	$ 38,473	$ 32,186	$ -	$ 32,186
Transfers to other pension plans	2,825	-	2,825	2,670	-	2,670
Payments to Variable Benefit Members	8,262	-	8,262	7,086	-	7,086
Payments to RAF Members	-	2,203	2,203	-	2,191	2,191
Provision for payments to members of the fund	-	78	78	-	39	39
	$ 49,560	$ 2,281	$ 51,841	$ 41,942	$ 2,230	$ 44,172

8. Capital Assets

Capital assets at cost less accumulated amortization:

	Cost	Accumulated Amortization	2011 Net Book Value	2010 Net Book Value
		(thousands of dollars)		
Computer equipment and software	$ 1,014	$ 995	$ 19	$ 40
Office furniture	31	30	1	1
Leasehold improvements	16	10	6	9
	$ 1,061	$ 1,035	$ 26	$ 50

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Funds by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

	2011 Defined Contribution Fund	2011 Retirement Annuity Fund	2011 Total	2010 Defined Contribution Fund	2010 Retirement Annuity Fund	2010 Total
			(thousands of dollars)			
Participants' contributions	$ 11,712	$ -	$ 11,712	$ 11,052	$ -	$ 11,052
Investment income	214	117	331	217	121	338
Interest and dividends receivable	39	47	86	64	47	111
Contributions receivable	49	-	49	67	-	67

Other transactions and amounts due to and from related parties are described separately in these financial statements and the notes thereto.

10. Provision for Annuity Benefits

The provision for annuity benefits is the actuarial present value of the future expected annuity benefit obligation to pensioners as annually determined as at December 31 by an independent actuary. The actuarial valuation is a complex process requiring professional judgment on the part of the actuary. Measurement of this amount is uncertain, as estimates must be made of future interest rates and mortality rates. For purposes of this actuarial valuation, a discount rate of 4.10% (2010 – 4.85%) was used. Also, the 1994 Uninsured Pensioners mortality table with generational mortality improvements has been used. If the discount rate used increases by 1%, the provision for annuity benefits decreases by approximately $2.11 million or if the discount rate used decreases by 1%, the provision for annuity benefits increases by approximately $2.47 million. If average mortality age increases by 1.0 year the provision for annuity benefits increases by approximately $1.06 million.

The annual change in the provision is reflected in the Statement of Changes in Net Assets Available for Benefits. The principal components of the change during the year were as follows:

	2011	2010
	(thousands of dollars)	
Provision, beginning of year	$ 25,334	$ 24,186
Increase in provision due to new annuitants during year	724	623
Net change in provision due to loss from mortality	120	(56)
Expected annuity payments with interest	(2,282)	(2,291)
Interest on provision	1,229	1,354
Change in expense assumption	48	30
Change in discount rate and mortality assumptions	1,740	1,488
Provision, end of year	$ 26,913	$ 25,334

The fair value of the provision for annuity benefits has not been determined because it is not practicable to determine fair value with sufficient reliability, as these estimates are subject to uncertainty and vary according to the uncertainty inherent in the assumptions.

11. Accounts Payable

During the year, and based on a prior adjustment ruling in favor of a former participant, management has accrued an additional estimated liability of $0.07 million for a total reserve fund amount of $7.13 million (2010 – accrued amount $0.02 million, total amount of $7.06 million) payable to other members of the plan.

On August 31, 2009, the Plan received an order from the Saskatchewan Court of Queen's Bench providing direction on the distribution of the reserve fund. Subsequent to the order, an appeal was filed with the Saskatchewan Court of Appeals on September 30, 2009. The appeal is expected to be heard in 2012.

12. Investment Performance

The DCF and the RAF investments are managed by professional investment managers whose investment performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals. The DCF consists of two investment options available to plan members, the Diversified Fund (DF) and Pre-Retirement Fund (PRF).

The investment objective of the DF is to provide long-term growth within acceptable limits of risk. Based on this objective, the DF is a balanced fund including investments in equities, bonds and debentures, real estate and short term instruments.

The investment objective of the PRF is to preserve capital over the short-term. The PRF is invested solely in short-term money market instruments.

12. Investment Performance (continued)

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives of the Fund. The Board of Directors reviews the investment performance of the funds in terms of the performance of the benchmark portfolios over 4 year rolling periods. The primary long-term investment performance objective for each of the Funds is to outperform a benchmark portfolio.

The following is a summary of the DCF's investment performance, calculated before expenses:

	2011 Return		Rolling Four Year Return	
	Diversified Fund	Pre-Retirement Fund	Diversified Fund	Pre-Retirement Fund
Actual rate of return	0.6%	1.1%	2.0%	1.4%
Benchmark rate of return	1.0%	1.0%	1.4%	1.4%

The investment objective of the RAF is to provide sufficient liquidity to ensure payment to annuitants when due and to ensure long-term solvency of the Fund. The Fund pursues a duration matching investment strategy that immunizes the portfolio from interest rate fluctuations. As a result, there is no benchmark return for the RAF.

13. Employee Salaries and Benefits

The Plan reimburses the Corporation for salaries, DCF employer pension contributions and other benefits incurred as the administrator of the Plan. These costs are attributable to both key management and all other administration personnel. Key management personnel are those persons having the authority to plan, direct and control Plan activities.

Salary costs, DCF contribution costs and other benefit costs are allocated as operating expenses on the statement of changes in net assets available for benefits. The Corporation's financial obligation to the DCF employer pension contributions is 6.0% of eligible employee salaries. The expenses incurred during the year are as follows:

	2011	2010
	(thousands of dollars)	
Key management personnel		
Salaries	$ 279	$ 262
Defined contribution pension plan	17	16
Other benefits	34	39
	330	317
Other personnel		
Salaries	424	396
Defined contribution pension plan	25	24
Other benefits	57	59
	506	479
	$ 836	$ 796

14. Transition to Section 4600 and IFRS

As stated in Note 2, these are the Plan's first financial statements prepared in accordance with Handbook section 4600 and IFRS. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening IFRS statement of financial position at January 1, 2010 (the Plan's date of transition).

Canadian GAAP differs in some areas from IFRS. In preparing the financial statements, management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. While GAAP differs in some areas from IFRS, there were no differences that affected the financial statement amounts of the Plan.